

COALITION FOR GOVERNMENT PROCUREMENT

**Testimony Before the
House Government Reform Committee
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The Coalition for Government Procurement appreciates this opportunity to testify on the progress the General Services Administration (GSA) has made on integrating the operations of the Federal Supply Service (FSS) and Federal Technology Service (FTS). As we previously testified before the Subcommittee on Technology and Procurement Policy in the 107th Congress, we believe that the operations of these two services can and should be better integrated to provide state of the art service to federal agencies. We have been honored to work with representatives from both services as well as officials in the Administrator's office since that initial hearing on a number of projects designed to do just that.

The Coalition is a non-profit association representing over 330 companies selling commercial services and products to the federal government. Our members are comprised of large and small firms that sell through FSS Multiple Award Schedule (MAS) contracts as well as Government Wide Acquisition Contracts (GWAC's) that have now been transferred from FTS to FSS. Coalition members account for over 70% of schedule sales and a significant amount of GSA GWAC transactions. We have worked *with* decision makers in GSA, the executive branch generally, and Congress to bring about common sense acquisition policies since our founding in 1979. Today, the Coalition enjoys an unsurpassed reputation as *the* voice for schedule contractors.

The Coalition believes that GSA has taken good initial steps to integrate the operations of FSS and FTS since the time of our previous subcommittee testimony. These steps include the implementation of several recommendations put forth in the report conducted by Accenture in 2001. As a result, the two services have begun to work closer to bring about the "Team GSA" result we earlier envisioned. Our testimony today will highlight several of these changes and make recommendations on what we feel are the essential next steps in order to ensure that GSA continues to meet the evolving needs of its customers.

DUPLICATIVE CONTRACTS

One of the key recommendations the Coalition made in its earlier testimony was the need to eliminate duplicative contracts that resulted in higher overhead burdens for contractors and confusion among GSA customers. The need for such action was also noted in the Accenture report. GSA has taken positive initial steps to reduce duplication.

A Contract Review Board was established to examine current GSA GWAC contracts and the MAS Information Technology schedule. This Board was comprised of representatives from FSS, FTS, and the GSA Office of Acquisition Policy. The Board reviewed each of these programs and concluded that there were, in fact, too many contracts providing the same services through the same contractors. A number of recommendations were made to allow underused contracts to expire, merge existing contracts where it made good business sense to do so, and create an on-going mechanism to guard against proliferation of future duplicative programs. Significantly, the Coalition understands that each of the review board's recommendations were unanimous, indicating that all stakeholders clearly agreed that certain contracts could be eliminated without harming customer service.

The Coalition is extremely pleased to see that the recommendations of the review board were released last week and that GSA will implement its recommendations. We understand that this Committee has been fully briefed on the specific actions to be taken and we will not repeat them here. It is important to note, however, that the Coalition and its members support the Board's recommended course of action. We believe that some of the duplication that confused customer agencies and created unnecessary burdens on contractors will be reduced.

We also support the continued operation of the Contract Review Board. We believe that this Board can be an effective check against future unneeded contract duplication and will serve to ensure that customer needs are met by the most appropriate contracting mechanism. We recommend that the Board continue to be comprised of representatives from FSS, FTS, and the Office of Acquisition Policy.

Coalition member companies believe that the streamlining process, however, should not stop with the initial round of recommendations. While it is important to provide the agency, its contractors, and customers time to adjust to the initial recommendations, we believe that additional action may be possible to further combine some GWAC programs into unified offerings. Some of our members, for example, believe that the review board's findings identified the "low hanging fruit" and that further streamlining is essential. The Contract Review Board should be charged with identifying these opportunities through the input of GSA officials, customer agencies, and contractors. Such actions will enable the agency to continue to adapt to changing customer needs and provide one-stop solutions through a variety of programs. The Coalition would be pleased to participate in this process.

PLACING ALL CONTRACTS IN FSS/ESTABLISHING FTS AS A SERVICE PROVIDER

Another recommendation that GSA has implemented is the consolidation of all contract vehicles in FSS. The Coalition believes that this is a good initial step. In our previous testimony we stated that the proliferation of FTS GWAC's and the growth of FSS schedules led many government customers to ask, "Will the real GSA please stand up?". We recommended that FSS take ownership of all contracts to help eliminate this confusion and the occurrence of having one part of the agency sell against another. GSA has now done this and, coupled with the overall reduction in the number of GWAC's, customer confusion is abating. Bringing these contracts into FSS, however, is just one step of what must be a multi-phased process in order for the transfer to have the desired effect. We will discuss what the Coalition believes to be an essential follow up later in our testimony.

In the meantime, FTS has also moved to enhance the acquisition management services it provides federal customers. The Coalition stated that FTS provides important acquisition management solutions to agencies unsure of their precise needs or that lacked sufficient experienced personnel to conduct a complex IT procurement internally. We

recommended that they promote and expand their services in this area and they have done so.

Perhaps the most significant step in this process is the creation of the FTS Services Management Office that now provides acquisition management assistance to agencies buying professional services. As the government buys more services and the services they acquire become more complex, the Coalition believes that having experienced contracting personnel available to provide proper acquisition assistance will become more and more important. It will be the role of the Service Management Office to fill this need.

The Coalition's initial interactions with this office have been positive. The FTS officials in charge of this function provided a thorough briefing on their capabilities to our Services Committee, have sought to participate in upcoming conferences and have been responsive to general questions. We anticipate that they will grow and our members hope to work with them to provide timely and appropriate service acquisition assistance.

The Coalition also wishes to point out that the two services are even beginning to market themselves together. Recent GSA advertisements site both FSS schedule contracts and the assisted acquisition services offered by FTS. We believe that these ads are an important symbol of the "Team GSA" concept we have called for. They offer customer agencies a choice of programs, depending on the needs of each and make it clear that GSA can provide what they need, regardless of the type of help needed. The Coalition believes these ads reflect a changed approach to reaching federal customers and will significantly reduce confusion as to which service is the "real" GSA. We are optimistic that this type of collaboration will continue and become a salient agency feature.

ON-GOING CHALLENGES

While the Coalition is pleased that GSA has made several changes to enhance its overall value to federal agencies, we believe that significant steps still remain that must be taken

to enhance agency services and accountability. As we mentioned earlier, the transition of GWAC contracts to FSS was a positive first step. In order to make the transition as effective as possible, however, the FSS central office must be able to manage those contracts within the overall context of creating the most effective overall contracting alternative FSS can offer. In addition, recent press accounts of problematic actions taken in certain FTS regional offices underscore the need for increased central management within that service.

The Coalition reiterates its belief that the dual reporting structure inside GSA is incompatible with the overall goal of ensuring accountability and minimal program duplication. We want to emphasize that these concerns are about the inherent structure, itself, not the people who fill the positions. The Commissioners of each service and all Regional Administrators whom we have met each carry out their duties well. They are generally fine representatives of the highest echelons of government service. The structure of the agency, however, is such that each manager can carry out his or her duties well and have the agency as a whole still not function at maximum efficiency.

The Coalition believes that this dual management structure has led to lapses in the past when regional and central offices worked toward differing goals. While the system, ideally, provides important checks and balances to ensure that all key agency programs do not emanate from one place, the decentralized infrastructure can also give rise to program duplication and the creation of several miniature “Team GSA’s” that operate independently of the rest of the agency. We understand that Administrator Perry and his senior management team are taking steps to address these concerns and the Coalition supports his efforts.

The current dual management structure of GSA is such that regional offices report to regional management and central offices report to central management. It is currently at the GSA Administrator’s office where the two structures come together. We recommend that GSA create an additional office to ease the burden on the Administrator, who already has wide reaching responsibilities. The Coalition feels that the addition of a new position

will increase GSA's tools to ensure that inappropriate operations do not crop up and that the agency as a whole works toward the common goal of outstanding customer service.

To do this, the Coalition again calls for the creation of an Associate Administrator for Operation who will be responsible for integrating the regional and central operations of each service. This position will be charged with bringing together the disparate reporting structures within the agency to ensure, among other things, that the commissioners of each service are strengthened and have both the responsibility and the authority to effectively manage the central and regional operations in their service. The Associate Administrator can also be a catalyst for identifying remaining duplication within the agency, formulating plans for eliminating it where it makes sense, and taking the "Team GSA" concept to its next logical step.

We believe that this position will further enhance GSA's reputation as an outstanding acquisition services provider and a valuable executive agency partner. It will enhance agency accountability and reduce overhead.

The Coalition believes that even a very fine Administrator, such as Stephen Perry who currently holds this position, cannot possibly be everywhere at once. Mr. Perry is an effective leader and the Coalition and its members hold him in high regard. He, and other Administrators, however, are responsible for a wide variety of agency functions. Additional support in the agency is required in order to integrate its central and regional operations, even if such a position is not made permanent and exists exclusively during a period of agency reorganization.

In addition to what we believe are important operational enhancements, the creation of an Associate Administrator for Operations may also be a necessity brought about by personnel realities. GSA is not immune from the personnel challenges that confront other agencies. A high number of agency personnel are, or will become, eligible for retirement by 2006. It will be increasingly difficult to find experienced and talented individuals to fill each position in existence today. We have already seen the retirement of several

senior leaders in GSA in just the past three years and more are likely on the way. Eliminating disparate agency organizational structures and better integrating overall agency operations may not, therefore, be merely a recommended management change. It may become an operational imperative in order for GSA to continue to meet the many challenges given it by a federal workforce that is, itself, undergoing many of the same changes. Creating an Associate Administrator position now allows GSA to stay ahead of the personnel curve and manage transitions without diminishing the high level of service federal customers have come to expect.

CONCLUSION

The Coalition for Government Procurement believes that GSA has begun making significant improvements to the operations of the Federal Supply Service and Federal Technology Service. We are pleased to have been a part of this process and look forward to continuing our positive working relationship with the agency. We also look forward to the execution of what we believe to be important next steps to build on existing momentum and in keeping GSA at the forefront of the provision of goods and services federal agencies rely upon to fulfill their varied missions.

The Coalition is honored to be given this opportunity to testify before the House Government Operations Committee today. We look forward to working with Chairman Davis, the other members of the Committee on this and other important government procurement issues. I would be pleased to answer any questions you may have at the appropriate time.